

Interests in Government Property

Possessory Interests	Improvements on Possessory Rights (IPRs)	Government Property Lease Excise Tax (GPLET)
Established when a private party is granted the exclusive use of real property owned by a non-taxable entity.	Buildings, structures, or other improvements owned by a taxable entity located on land leased from a government agency that is not taxable.	Applies to the use or occupancy of a government property improvement for a commercial or industrial purpose for at least 30 consecutive days.
Possessory Interests are typically created when private individuals, companies, or corporations lease, rent, or use federal, state, county, or local government owned facilities and/or land for their own benefit.	The building is an improvement on possessory rights located on a possessory interest in the land. The building is referred to as an IPR.	Cities, towns, and counties and county stadium districts are defined government lessors. GPLET typically does not apply to improvements located on federal, state or special district land.
<p>Examples of Possessory Interests include:</p> <ul style="list-style-type: none"> • Cattle grazing rights on federal or state land. • Private developers or companies leasing government owned land. • Private entities leasing government buildings. 	Court decisions concerning the meaning of ownership looked to the lease agreements for clear and express language that the land tenant owns the improvements. The courts determined that ownership of an asset involves the owner having the right to control and dispose of the asset.	A county may levy and collect an annual excise tax on each prime lessee of a lease with the National Park Service of the U. S. Department of the Interior on property improvements located in that county.
Property taxes due on possessory interests were typically based on the value of the interest in the property.	If the government lessor is considered the owner of the improvements along with the land, the taxpayer's interest in the building would constitute a possessory interest, which under current law would only be subject to the GPLET if it were located on county, city, town, county stadium district or national park land.	The GPLET is an excise tax on leases measured by the square footage of the building subject to the tax, or the number of parking spaces located in a parking garage or deck. It is a tax based on rentable space.
	If the taxpayer is considered to own the improvements, it would be an IPR and can be assessed as other commercial property with a property tax on the improvements.	